

AMENDED IN ASSEMBLY MAY 24, 2013

AMENDED IN ASSEMBLY MAY 8, 2013

AMENDED IN ASSEMBLY APRIL 24, 2013

AMENDED IN ASSEMBLY APRIL 16, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 922**

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**Introduced by Assembly Member Patterson**

February 22, 2013

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An act to ~~amend Section 739.1 of, and to add Section 739.11 to, the~~ Public Utilities Code, relating to ~~public utilities~~ *electrical and gas service*.

### LEGISLATIVE COUNSEL'S DIGEST

AB 922, as amended, Patterson. ~~Public utilities. Electrical and gas service:~~ rates: CARE program: eligibility.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical and gas corporations, as defined. The Public Utilities Act authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the commission to designate a baseline quantity of electricity and gas necessary for a significant portion of the reasonable energy needs of the average residential customer, and requires that electrical and gas corporations file rates and charges, to be approved by the commission, providing baseline rates, and requires the commission, in establishing baseline rates, to avoid excessive rate increases for residential customers. The act requires the commission to establish a program of assistance

to low-income electric and gas customers, referred to as the California Alternate Rates for Energy or CARE program. Existing law requires the commission to work with electrical and gas corporations to establish penetration goals for the CARE program.

This bill would instead prohibit the commission from working with electrical and gas corporations to establish penetration goals for the CARE program, except in the event of special economic circumstances, including a recession or depression. The bill would require the commission to authorize an electrical or gas corporation to verify, by the submission of proof of income, the continuing eligibility of participants in the CARE program regardless of the manner in which the participant was first enrolled into the program.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 739.1 of the Public Utilities Code is~~  
2     ~~amended to read:~~  
3     ~~739.1. (a) As used in this section, the following terms have~~  
4     ~~the following meanings:~~  
5     ~~(1) “Baseline quantity” has the same meaning as defined in~~  
6     ~~Section 739.~~  
7     ~~(2) “California Solar Initiative” means the program providing~~  
8     ~~ratepayer-funded incentives for eligible solar energy systems~~  
9     ~~adopted by the commission in Decision 05-12-044 and Decision~~  
10    ~~06-01-024, as modified by Article 1 (commencing with Section~~  
11    ~~2851) of Chapter 9 of Part 2 and Chapter 8.8 (commencing with~~  
12    ~~Section 25780) of Division 15 of the Public Resources Code.~~  
13    ~~(3) “CalWORKs program” means the program established~~  
14    ~~pursuant to the California Work Opportunity and Responsibility~~  
15    ~~to Kids Act (Chapter 2 (commencing with Section 11200) of Part~~  
16    ~~3 of Division 9 of the Welfare and Institutions Code).~~  
17    ~~(4) “Public goods charge” means the nonbypassable separate~~  
18    ~~rate component imposed pursuant to Article 7 (commencing with~~  
19    ~~Section 381) of Chapter 2.3 and the nonbypassable system benefits~~  
20    ~~charge imposed pursuant to the Reliable Electric Service~~  
21    ~~Investments Act (Article 15 (commencing with Section 399) of~~  
22    ~~Chapter 2.3).~~

1     ~~(b) (1) The commission shall establish a program of assistance~~  
2 ~~to low-income electric and gas customers with annual household~~  
3 ~~incomes that are no greater than 200 percent of the federal poverty~~  
4 ~~guideline levels, the cost of which shall not be borne solely by any~~  
5 ~~single class of customer. The program shall be referred to as the~~  
6 ~~California Alternate Rates for Energy or CARE program. The~~  
7 ~~commission shall ensure that the level of discount for low-income~~  
8 ~~electric and gas customers correctly reflects the level of need.~~

9     ~~(2) The commission may, subject to the limitation in paragraph~~  
10 ~~(4), increase the rates in effect for CARE program participants for~~  
11 ~~electricity usage up to 130 percent of baseline quantities by the~~  
12 ~~annual percentage increase in benefits under the CalWORKs~~  
13 ~~program as authorized by the Legislature for the fiscal year in~~  
14 ~~which the rate increase would take effect, but not to exceed 3~~  
15 ~~percent per year.~~

16     ~~(3) Beginning January 1, 2019, the commission may, subject~~  
17 ~~to the limitation in paragraph (4), establish rates for CARE program~~  
18 ~~participants pursuant to this section and Sections 739 and 739.9,~~  
19 ~~subject to both of the following:~~

20     ~~(A) The requirements of subdivision (b) of Section 382 that the~~  
21 ~~commission ensure that low-income ratepayers are not jeopardized~~  
22 ~~or overburdened by monthly energy expenditures.~~

23     ~~(B) The requirement that the level of the discount for~~  
24 ~~low-income electricity and gas ratepayers correctly reflects the~~  
25 ~~level of need as determined by the needs assessment conducted~~  
26 ~~pursuant to subdivision (d) of Section 382.~~

27     ~~(4) Tier 1, tier 2, and tier 3 CARE rates shall not exceed 80~~  
28 ~~percent of the corresponding tier 1, tier 2, and tier 3 rates charged~~  
29 ~~to residential customers not participating in the CARE program,~~  
30 ~~excluding any Department of Water Resources bond charge~~  
31 ~~imposed pursuant to Division 27 (commencing with Section 80000)~~  
32 ~~of the Water Code, the CARE surcharge portion of the public~~  
33 ~~goods charge, any charge imposed pursuant to the California Solar~~  
34 ~~Initiative, and any charge imposed to fund any other program that~~  
35 ~~exempts CARE participants from paying the charge.~~

36     ~~(5) Rates charged to CARE program participants shall not have~~  
37 ~~more than three tiers. An electrical corporation that does not have~~  
38 ~~a tier 3 CARE rate may introduce a tier 3 CARE rate that, in order~~  
39 ~~to moderate the impact on program participants whose usage~~  
40 ~~exceeds 130 percent of baseline quantities, shall be phased in to~~

1 ~~80 percent of the corresponding rates charged to residential~~  
2 ~~customers not participating in the CARE program, excluding any~~  
3 ~~Department of Water Resources bond charge imposed pursuant to~~  
4 ~~Division 27 (commencing with Section 80000) of the Water Code,~~  
5 ~~the CARE surcharge portion of the public goods charge, any charge~~  
6 ~~imposed pursuant to the California Solar Initiative, and any other~~  
7 ~~charge imposed to fund a program that exempts CARE participants~~  
8 ~~from paying the charge. For an electrical corporation that does not~~  
9 ~~have a tier 3 CARE rate that introduces a tier 3 CARE rate, the~~  
10 ~~initial rate shall be no more than 150 percent of the CARE baseline~~  
11 ~~rate. Any additional revenues collected by an electrical corporation~~  
12 ~~resulting from the adoption of a tier 3 CARE rate shall, until the~~  
13 ~~utility's next periodic general rate case review of cost allocation~~  
14 ~~and rate design, be credited to reduce rates of residential ratepayers~~  
15 ~~not participating in the CARE program with usage above 130~~  
16 ~~percent of baseline quantities.~~

17 ~~(e) The commission shall not work with electrical and gas~~  
18 ~~corporations to establish penetration goals, except in the event of~~  
19 ~~special economic circumstances, including a recession or~~  
20 ~~depression. The commission shall authorize recovery of all~~  
21 ~~administrative costs associated with the implementation of the~~  
22 ~~CARE program that the commission determines to be reasonable,~~  
23 ~~through a balancing account mechanism. Administrative costs~~  
24 ~~shall include, but are not limited to, outreach, marketing, regulatory~~  
25 ~~compliance, certification and verification, billing, measurement~~  
26 ~~and evaluation, and capital improvements and upgrades to~~  
27 ~~communications and processing equipment.~~

28 ~~(d) The commission shall examine methods to improve CARE~~  
29 ~~enrollment and participation. This examination shall include, but~~  
30 ~~need not be limited to, comparing information from CARE and~~  
31 ~~the Universal Lifeline Telephone Service (ULTS) to determine~~  
32 ~~the most effective means of utilizing that information to increase~~  
33 ~~CARE enrollment, automatic enrollment of ULTS customers who~~  
34 ~~are eligible for the CARE program, customer privacy issues, and~~  
35 ~~alternative mechanisms for outreach to potential enrollees. The~~  
36 ~~commission shall ensure that a customer consents prior to~~  
37 ~~enrollment. The commission shall consult with interested parties,~~  
38 ~~including ULTS providers, to develop the best methods of~~  
39 ~~informing ULTS customers about other available low-income~~

1 programs, as well as the best mechanism for telephone providers  
2 to recover reasonable costs incurred pursuant to this section.

3 (e) (1) The commission shall improve the CARE application  
4 process by cooperating with other entities and representatives of  
5 California government, including the California Health and Human  
6 Services Agency and the Secretary of California Health and Human  
7 Services, to ensure that all gas and electric customers eligible for  
8 public assistance programs in California that reside within the  
9 service territory of an electrical corporation or gas corporation,  
10 are enrolled in the CARE program. To the extent practicable, the  
11 commission shall develop a CARE application process using the  
12 existing ULTS application process as a model. The commission  
13 shall work with public utility electrical and gas corporations and  
14 the Low-Income Oversight Board established in Section 382.1 to  
15 meet the low-income objectives in this section.

16 (2) The commission shall ensure that an electrical corporation  
17 or gas corporation with a commission-approved program to provide  
18 discounts based upon economic need in addition to the CARE  
19 program, including a Family Electric Rate Assistance program,  
20 utilize a single application form, to enable an applicant to  
21 alternatively apply for any assistance program for which the  
22 applicant may be eligible. It is the intent of the Legislature to allow  
23 applicants under one program, that may not be eligible under that  
24 program, but that may be eligible under an alternative assistance  
25 program based upon economic need, to complete a single  
26 application for any commission-approved assistance program  
27 offered by the public utility.

28 (f) The commission's program of assistance to low-income  
29 electric and gas customers shall, as soon as practicable, include  
30 nonprofit group living facilities specified by the commission, if  
31 the commission finds that the residents in these facilities  
32 substantially meet the commission's low-income eligibility  
33 requirements and there is a feasible process for certifying that the  
34 assistance shall be used for the direct benefit, such as improved  
35 quality of care or improved food service, of the low-income  
36 residents in the facilities. The commission shall authorize utilities  
37 to offer discounts to eligible facilities licensed or permitted by  
38 appropriate state or local agencies, and to facilities, including  
39 women's shelters, hospices, and homeless shelters, that may not

1 have a license or permit but provide other proof satisfactory to the  
2 utility that they are eligible to participate in the program.

3 (g) ~~It is the intent of the Legislature that the commission ensure~~  
4 ~~CARE program participants are afforded the lowest possible~~  
5 ~~electric and gas rates and, to the extent possible, are exempt from~~  
6 ~~additional surcharges attributable to the energy crisis of 2000–01.~~

7 (h) ~~(1) In addition to existing assessments of eligibility, an~~  
8 ~~electrical corporation may require proof of income eligibility for~~  
9 ~~those CARE program participants whose electricity usage, in any~~  
10 ~~monthly or other billing period, exceeds 400 percent of baseline~~  
11 ~~usage. The authority of an electrical corporation to require proof~~  
12 ~~of income eligibility is not limited by the means by which the~~  
13 ~~CARE program participant enrolled in the program, including if~~  
14 ~~the participant was automatically enrolled in the CARE program~~  
15 ~~because of participation in a governmental assistance program. If~~  
16 ~~a CARE program participant's electricity usage exceeds 400~~  
17 ~~percent of baseline usage, the electrical corporation may require~~  
18 ~~the CARE program participant to participate in the Energy Savings~~  
19 ~~Assistance Program (ESAP), which includes a residential energy~~  
20 ~~assessment, in order to provide the CARE program participant~~  
21 ~~with information and assistance in reducing his or her energy usage.~~  
22 ~~Continued participation in the CARE program may be conditioned~~  
23 ~~upon the CARE program participant agreeing to participate in~~  
24 ~~ESAP within 45 days of notice being given by the electrical~~  
25 ~~corporation pursuant to this paragraph. The electrical corporation~~  
26 ~~may require the CARE program participant to notify the utility of~~  
27 ~~whether the residence is rented, and if so, a means by which to~~  
28 ~~contact the landlord, and the electrical corporation may share any~~  
29 ~~evaluation and recommendation relative to the residential structure~~  
30 ~~that is made as part of an energy assessment, with the landlord of~~  
31 ~~the CARE program participant. Requirements imposed pursuant~~  
32 ~~to this paragraph shall be consistent with procedures adopted by~~  
33 ~~the commission.~~

34 ~~(2) If a CARE program participant's electricity usage exceeds~~  
35 ~~600 percent of baseline usage, the electrical corporation shall~~  
36 ~~require the CARE program participant to participate in ESAP,~~  
37 ~~which includes a residential energy assessment, in order to provide~~  
38 ~~the CARE program participant with information and assistance in~~  
39 ~~reducing his or her energy usage. Continued participation in the~~  
40 ~~CARE program shall be conditioned upon the CARE program~~

1 participant agreeing to participate in ESAP within 45 days of a  
2 notice made by the electrical corporation pursuant to this paragraph.  
3 The electrical corporation may require the CARE program  
4 participant to notify the utility of whether the residence is rented,  
5 and if so, a means by which to contact the landlord, and the  
6 electrical corporation may share any evaluation and  
7 recommendation relative to the residential structure that is made  
8 as part of an energy assessment, with the landlord of the CARE  
9 program participant. Following the completion of the energy  
10 assessment, if the CARE program participant's electricity usage  
11 continues to exceed 600 percent of baseline usage, the electrical  
12 corporation may remove the CARE program participant from the  
13 program if the removal is consistent with procedures adopted by  
14 the commission. Nothing in this paragraph shall prevent a CARE  
15 program participant with electricity usage exceeding 600 percent  
16 of baseline usage from participating in an appeals process with the  
17 electrical corporation to determine whether the participant's usage  
18 levels are legitimate.

19 (3) A CARE program participant in a rental residence shall not  
20 be removed from the program in situations where the landlord is  
21 nonresponsive when contacted by the electrical corporation or  
22 does not provide for ESAP participation.

23 SEC. 2.

24 SECTION 1. Section 739.11 is added to the Public Utilities  
25 Code, to read:

26 739.11. The commission shall authorize an electrical or gas  
27 corporation to verify, by the submission of proof of income, the  
28 continuing eligibility of a participant in the CARE program  
29 regardless of the means by which the participant was first enrolled  
30 into the CARE program.